

Houston Gas Division GRIP Filing

What is a Gas Reliability Infrastructure Program (GRIP) filing?

- An interim rate adjustment allowed by Texas Statute (Texas Utilities Code §104.301) that allows utilities to recover their costs related to additional invested capital without filing a full rate case.

Who can make GRIP filings?

- A natural gas utility with newly invested capital not already included in existing rate base can make an initial GRIP filing but only if the natural gas utility has filed a rate case within the preceding two years.

When was CenterPoint Energy's most recent rate case?

- CenterPoint Energy filed its last rate case for the Houston Gas Division Gas Utilities Docket ("GUD") No. 10567 on November 16, 2016, and the final decision was rendered on May 23, 2017. In 2018, base rates were lowered to incorporate the effects of Tax Change from 35% to 21% in GUD No. 10749.

When was the Company's initial GRIP filing first implemented after the most recent rate case?

- CenterPoint Energy's initial GRIP filing, after the most recent rate case for the Houston Gas Division, was first implemented on May 29, 2018. Thereafter, an annual GRIP filing must be made, and a full rate case must be filed no later than 5 and one-half (5 ½) years after the implementation of the initial GRIP filing.

When was the Company's most recent GRIP filing?

- CenterPoint Energy made its sixth GRIP filing since its last rate case for the Houston Gas Division on March 2, 2023.

How is the adjustment amount calculated?

- The GRIP interim adjustment is intended to capture the cost of net incremental investment over that investment included in the last rate case, or since the most recent GRIP filing.
- Costs included are return on that investment, depreciation expense, and certain taxes. Factors used to calculate costs must be the same as those reflected in the final order, ordinance or settlement agreement approving current rates.

What is required of the utility?

- The new tariff or rate schedule must be filed with the appropriate regulatory authority (City and/or Railroad Commission) 60 days before the proposed implementation date.

- Notice to all affected customers must be provided within 45 days of filing with the regulatory authority.
- In each annual GRIP filing, the utility must provide the following information:
 - Annual Project Reports describing all new investments and retired plant.
 - The need for, the cost of, and the customers benefitted by the new investment.
 - An annual earnings monitoring report showing earnings in the past year.
- The adjustment must be recalculated annually.

What investment projects in 2022 are included in the most recent GRIP filing and how do these projects benefit the communities CenterPoint Energy serves?

Some examples of investments made in 2022 included in this filing are:

- Investment to replace approximately 300 miles of natural gas pipe across the Company’s Texas divisions, as part of its system modernization program.
- Capacity and reliability improvements across the Company’s natural gas footprint in Texas as a result of customer growth.
 - CenterPoint Energy added approximately 38,000 new customers across the state.
- Continued installation of the new Intelis meters in all of the Company’s divisions, with approximately 140,000 of these meters placed into service in Texas last year.
 - These innovative meters have integrated safety features, e.g., an internal shutoff valve that automatically activates if excessive natural gas flow or high temperatures are detected.
 - The meter’s state-of-the-art ultrasonic metrology also allows for unparalleled natural gas usage measurement accuracy for natural gas customers.

What is the role of the regulatory authority?

- Within 60 days after the filing, the regulatory authority may suspend implementation of the proposed adjustment for up to 45 days.
- Once the interim increase in rates has been reviewed as part of a full rate case, the regulatory authority may order CenterPoint Energy to refund any amounts collected if the investment is found to be unnecessary or imprudent.
- The regulatory authority may open an inquiry under Texas Utilities Code §104.151 and set new rates if the current rates are found to be unreasonable.

Who is CenterPoint Energy?

- CenterPoint Energy provides natural gas distribution service to approximately 4.3 million residential, commercial and industrial customers in the states of Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas. CenterPoint Energy serves approximately 1,135,000 customers in its Houston Gas Division that will be impacted by this filing.

Customers in what cities will be affected by the Company's filing?

- This filing is for the entire Houston Gas Division including the environs customers. The Company is filing with the cities below:

Bunker Hill Village	Jersey Village	Shenandoah
Conroe	Magnolia	Spring Valley Village
Deer Park	Meadows Place	Stafford
Hedwig Village	Missouri City	Tomball
Hilshire Village	Nassau Bay	
Houston	Oak Ridge North	
Humble	Pasadena	
Hunters Creek Village	Piney Point Village	

- At the time of this filing, the cities below have given up original jurisdiction. These cities will be included as part of the rate filing made with the Railroad Commission:

Bellaire	Roman Forest
Cut and Shoot	South Houston
Galena Park	Southside Place
Jacinto City	West University Place
Montgomery	Willis
New Waverly	
Panorama Village	

- The filing with the Railroad Commission will include the unincorporated areas below:

New Caney	Spring
Porter	The Woodlands Township

What customers are affected and how?

- The total increase of \$35,528,207 has been allocated among customer groups in the same manner as the current rates established in GUD No. 10567. The proposed effective date is May 1, 2023. Once it goes into effect, the GRIP interim rate adjustment will increase the customer charge that is applicable to customers served under the indicated sales service rate schedules within the Houston Gas Division as follows:

Rate Schedule	Current Customer Charge	Proposed 2023 Interim Rate Adjustment*	Adjusted Charge	Increase Per Bill
R-2095-I-GRIP 2023; R-2095-U-GRIP 2023 Residential	\$19.74 per customer per month	\$2.47 per customer per month	\$22.21 per customer per month	\$2.47 per customer per month
GSS-2095-I-GRIP 2023; GSS-2095-U-GRIP 2023 General Service Small	\$24.50 per customer per month	\$3.73 per customer per month	\$28.23 per customer per month	\$3.73 per customer per month
GSLV-626-I-GRIP 2023; GSLV-626-U-GRIP 2023 General Service Large Volume	\$290.11 per customer per month	\$70.73 per customer per month	\$360.84 per customer per month	\$70.73 per customer per month

* On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “TCJA”) was signed into law. The TCJA reduced the federal corporate income tax rate from 35% to 21%. The Company has calculated the GRIP Adjustment using the 35% federal corporate income tax rate approved in GUD No. 10567. The Company has also calculated and is seeking approval of the GRIP Adjustment using the 21% federal corporate income tax rate under the Tax Cuts and Jobs Act of 2017. The Proposed 2023 Interim Rate Adjustment in the table above has been calculated using the reduced corporate income tax rate of 21%.

Does the Proposed 2023 Interim Rate Adjustment include extraordinary natural gas costs from Winter Storm Uri included in the securitization filing made with the Railroad Commission in 2021?

- No. The Proposed 2023 Interim Rate Adjustment does not include extraordinary natural gas costs from Winter Storm Uri included in the securitization filing made with the Railroad Commission in 2021.

How is the current rising market price of natural gas impacting the Proposed 2023 Interim Rate Adjustment?

- The Interim Rate Adjustment is not impacted by natural gas costs since it only is used to recover costs related to additional invested capital. However, CenterPoint Energy recognizes that there's been concern recently about the rising market price of natural gas. The Company is focused on this – but it's important to put it in context. The combination of reduced natural gas production and higher demand has caused the increased market prices. Customer natural gas bills are not only affected by price; they are also affected by weather. A mild or cold winter can make a big difference on customers’ monthly heating bills - December 2021 was unusually warm; December 2022 was colder than normal and, therefore, contributed to higher usage.

As stated on customers' bills, the Gas Cost Adjustment (GCA) line that appears on every monthly natural gas bill is the cost CenterPoint Energy pays for the gas delivered to customers. The price the Company pays for natural gas in the market is the same price charged to customers, there is no mark-up or profit for CenterPoint Energy. The price customers pay depends on their consumption and the current natural gas prices.

CenterPoint Energy encourages customers to contact the Company if they are having difficulty paying their natural gas bill. Customers can also go to the website to see steps that will save energy and save money on their winter heating bills.